

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1208 - SB 1127

March 11, 2023

SUMMARY OF BILL: Prohibits a law enforcement agency from employing a peace officer unless the peace officer obtains and continuously maintains liability insurance to cover damages resulting from misconduct, including intentional, negligent, or willful acts committed by the peace officer while acting in the scope of the peace officer's employment for the law enforcement agency. Requires the Commissioner of the Department of Commerce and Insurance (DCI) to adopt rules with respect to the required liability insurance that set a minimum coverage amount for a policy that allows for a reasonable number of victims to be compensated.

Effective upon becoming a law for promulgating rules and administrative purposes; effective July 1, 2023 for all other purposes.

FISCAL IMPACT:

Increase State Expenditures –

Exceeds \$2,400,000/FY23-24 and Subsequent Years

Increase Local Expenditures –

Exceeds \$19,200,000/FY23-24 and Subsequent Years

Assumptions:

- It is unclear whether peace officers or their employing agencies will be responsible for the costs associated with attaining and maintaining such liability insurance.
- However, even if it is determined that the peace officer is responsible for such coverage in the officer's private capacity, it is assumed that the law enforcement agencies employing those officers will need to raise the pay of the officers in order to retain them and offset their increased personal expenditures related to employment. As a result, it is assumed that state and local law enforcement agencies will incur a significant increase in expenditures related to the requirement for liability coverage.
- It is not known precisely how much the required coverage will cost per peace officer. Based on information provided by the Tennessee Association of the Chiefs of Police, it is assumed to exceed \$1,200 per officer per year.
- Based on information provided by the Department of Commerce and Insurance, there are approximately 16,000 local law enforcement officers and 2,000 state law

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enforcement officers that would be considered peace officers and required to maintain liability insurance under the proposed legislation.

- The recurring increase in state expenditures is therefore estimated to exceed \$2,400,000 (2,000 officers x \$1,200) in FY23-24 and subsequent years.
- The recurring increase in local expenditures is estimated to exceed \$19,200,000 (16,000 officers x \$1,200) in FY23-24 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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